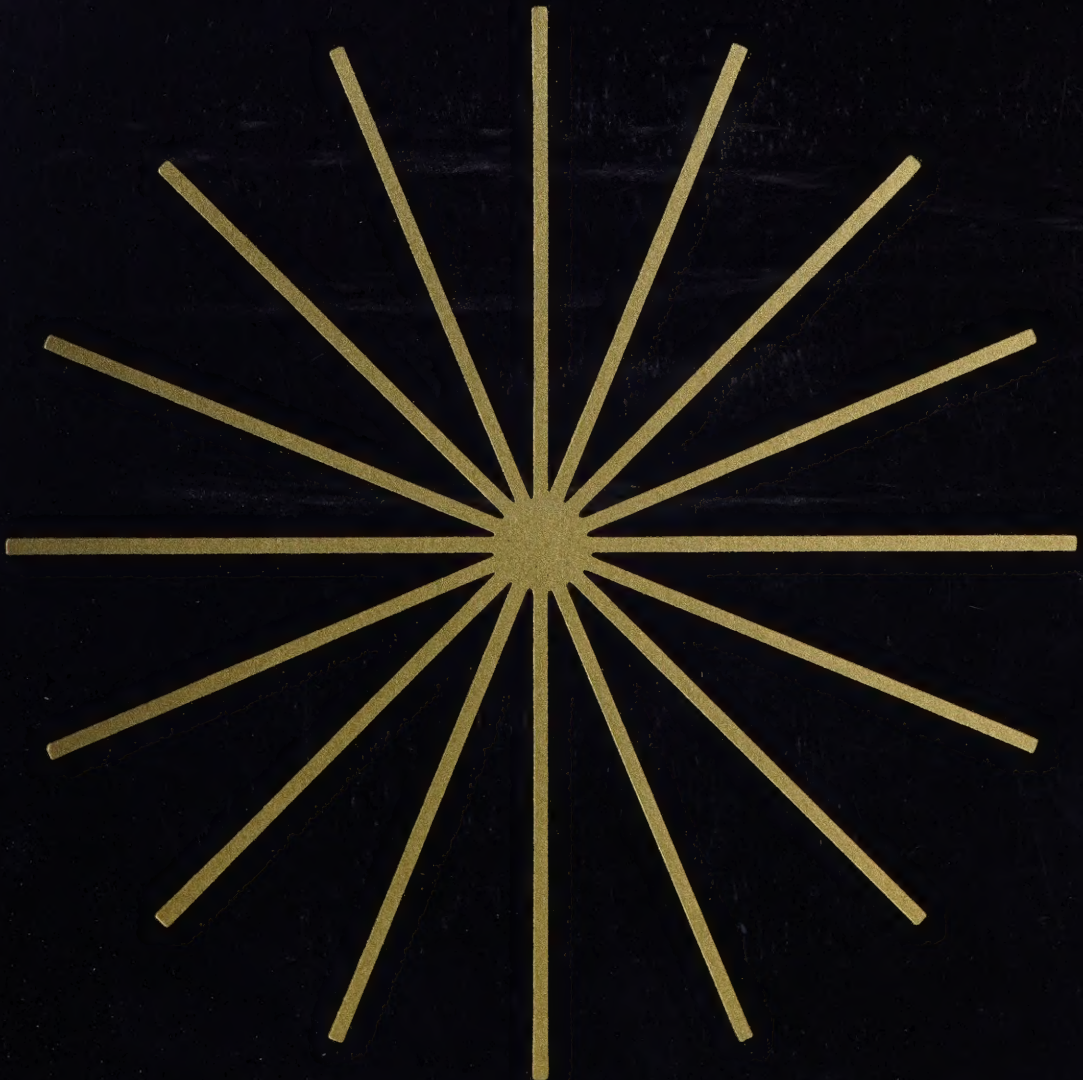


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**ANNUAL
REPORT
FOR THE
TWELVE MONTHS
ENDED
JANUARY 31, 1981**

Dominion Citrus & Drugs Ltd.





Dominion Citrus & Drugs Ltd.

FINANCIAL RECORD AND HIGHLIGHTS

	1981	1980	1979	1978	1977
Sales					
Drug Division	\$ 81,674,354	\$ 72,602,457	\$61,993,150	\$55,880,917	\$48,918,032
Produce Division	46,518,589	39,580,270	36,718,170	32,572,534	30,510,260
	128,192,943	112,182,727	98,711,320	88,453,451	79,428,292
Net Income					
Drug Division	1,268,063	730,919	1,032,286	1,001,952	694,848
Produce Division	957,208	756,881	644,831	418,073	737,744
	2,225,271	1,487,800	1,677,117	1,420,025	1,432,592
Per Share	1.30	.88	1.01	.87	.88
Dividends Paid	426,329	423,641	384,765	310,175	244,875
Per Share	.25	.25	.23	.19	.15
Shareholders' Equity	11,965,373	10,112,831	8,996,872	7,580,835	6,470,985
Per Share (1)	6.96	5.95	5.35	4.64	3.97
Average Number of Shares Outstanding	1,708,000	1,692,000	1,667,000	1,632,500	1,632,500
Working Capital	8,069,358	6,618,664	5,690,882	5,158,559	4,649,124
Current Ratio	1.34:1	1.33:1	1.33:1	1.37:1	1.36:1
Capital Expenditures	847,000	573,000	1,222,000	1,114,000	1,835,000
NUMBER OF OUTLETS OPERATED AND SERVICED AT END OF YEAR					
Woolco Stores	101	95	86	80	74
Woolworth Stores	8	8	6	6	8
Free standing	1	1	1	1	1
	110	104	93	87	83

Note 1 — Based on net shares outstanding at end of year.

Inside Front Cover

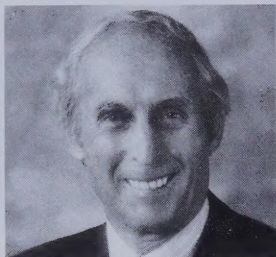
The little girl in the picture reflects the spirit of our company, young and still growing. The grapes she is holding in her hand and the financial statements that follow make it a vintage year.





These pictures portray our department in a Woolco Department Store.

Dominion Citrus & Drugs Ltd.



To the Shareholders:

On behalf of the Board of Directors, we are very pleased to present the Annual Report of your Company for the fiscal year ended January 31, 1981. It is always pleasant to report record sales and record profits. It is even more pleasing to do so when those records were achieved in spite of the unfavourable economic conditions which prevailed in 1980.

Consolidated earnings for the year ended January 31, 1981 were \$2,225,271, up from \$1,487,800 for the prior year. On a per-share basis, earnings rose to \$1.30 from 88¢, an increase of 48%. Consolidated sales were \$128,192,943, up from \$112,182,727 in the prior year, a 14% increase.

Drug Division

The sales of the Drug Division increased to \$81,675,000 from \$72,602,457, representing an increase of 12.5% over sales in the previous fiscal year. Profits for the year increased dramatically to \$1,268,000 from \$730,000, an increase of 73%.

In our message to you last year, we stated that our objective for the coming fiscal year was to concentrate on improving gross profits without sacrificing sales. We also advised that various plans had been implemented with a view to achieving this objective. The results achieved in this fiscal year demonstrate that these plans were most effective. Through the hard work of management and all employees of the Drug Division, we succeeded in improving the gross profit percentage by 2.11%. In spite of our success, we intend to continue concentrating on improving gross profits as well as increasing sales.

In the fiscal year 1980, the Drug Division continued its expansion program with the opening of 6 new Woolco drug outlets. In the fiscal year 1981, it is expected that 6 additional Woolco drug outlets will be opened.

In order to further enhance its growth the Drug Division proposes to embark on a program of opening

full-line, full-service, retail drug stores on a selective basis and is also actively seeking acquisitions in the drug area. We anticipate that the first full-line drug store will be opened in Toronto in the fall of this year.

Produce Division

The Produce Division achieved sales of \$46,518,589 in the fiscal year ended January 31, 1981, up 17.5% from the prior fiscal year and profits increased to \$957,208, up 26.5%.

These increases in sales and profits were achieved by your Company in spite of unfavourable weather conditions and extremely high prices for produce. The ability of your Company to achieve record results in spite of unfavourable conditions is most promising for the future.

The produce operations of your Company were established over 40 years ago. During that time, the Company has, with only one exception, annually increased both sales and profits. We believe that this is a significant achievement.

As set forth elsewhere in this Annual Report, the Produce Division consists of five distinct operations pertaining to different phases of the sale of fresh fruits and vegetables. We are pleased to report that all operations achieved significant increases in sales, especially Dominion Farm Produce Limited and Skrow's Produce (1971) Limited. We feel that every one of the operations of the Produce Division will continue to grow and make a positive contribution to your Company.

We wish to take this opportunity to thank the many people that have made 1980 our most successful year ever. The co-operation, loyalty and efforts exhibited by all of our employees is greatly appreciated and on behalf of all of the shareholders of the Company, we wish to extend our thanks to them.

Yours very truly,

MICHAEL BLIDNER, *President*

JACK AUSTIN, *Vice-President*

Profile of the Operations of Dominion Citrus & Drugs Ltd.

Drug Division

Jack Austin Drugs Limited, a wholly-owned subsidiary, operates drug outlets in 110 Woolco and F. W. Woolworth Department Stores in all provinces of Canada except for the Maritimes. The drug outlets are primarily engaged in the sale of health and beauty aids, cosmetics and pharmacy-related products. In most outlets, other than those in Quebec, pharmacists are employed to provide prescription drug services to the public. It has been said that one picture is worth a thousand words. On pages 2 and 3 we have provided 12 color pictures showing our Woolco drug operations.

Woolco department stores are located in major shopping centres. The Woolco stores have over 100,000 square feet of selling area and offer complete department store facilities. On pages 8 and 9 we have listed the locations of these stores.

Produce Division

Dominion Citrus is engaged in all aspects of the wholesale distribution of local and imported fresh fruits and vegetables. Nutritionists have recognized the fact that there are no better foods for health than fresh fruits and vegetables. With consumer awareness of the value of fresh produce increasing, we believe that the demand for fresh fruits and vegetables will continue to grow.

The Produce Division consists of five different businesses as follows:

Dominion Citrus operates a wholesale fresh fruit and vegetable division out of the Ontario Food Terminal, Toronto. Merchandise is imported from California, Mexico, Florida, Hawaii, Israel and other countries and is sold to a variety of customers such as chain stores and independent retailers. Prompt delivery of produce by refrigerated trucks and railroad cars ensures that Dominion Citrus is able to provide its customers with fresh produce all year round.

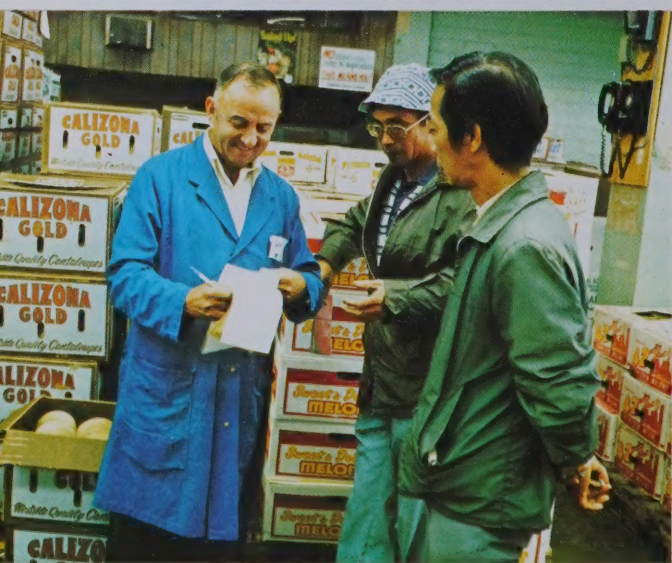
Dominion Farm Produce Limited, a wholly-owned subsidiary, is located in the heartland of the Holland

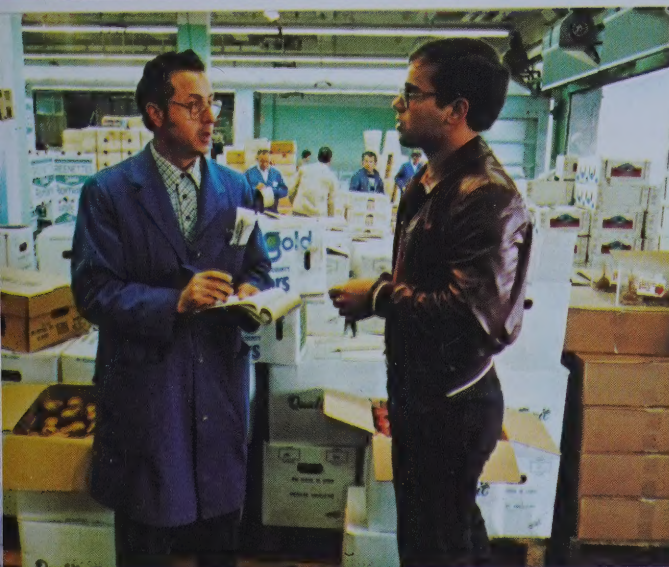
Marsh, in Bradford, Ontario. Using the latest in modern equipment, Dominion Farm packages local and imported produce for sale to chain stores and other retailers from Manitoba east to the Maritimes. During the summer season, when domestic produce is marketed, Dominion Farm supplies the trade with fresh celery, lettuce, cabbage and cauliflower, etc. "Country Fresh", the brand under which our produce is marketed, has found a steady demand as consumers have come to recognize that the "Country Fresh" label on products means high quality and fresh merchandise.

Skrow's Produce (1971) Ltd. supplies groceries, fresh fruits and vegetables and frozen foods from its Toronto premises to restaurants, institutions and caterers. The increasing popularity of salad bars in restaurants and the increasingly large number of families eating out, rather than at home, provides Skrow's with a market that will continue to grow.

Country Fresh Packaging Company Limited is engaged in the packaging of many products. For example, oranges and grapefruit are first bagged and then sold to supermarkets. Peppers, lemons, beans, corn, tomatoes, pears and apples are packaged in trays and marketed to supermarkets. As time goes on, there will be more and more fresh fruits and vegetables sold in packages. It has been proven that packaging has reduced waste considerably at the retail level and consumer acceptance is growing. In the U.S.A., this trend is showing up more and more, particularly in the large chain stores. The key to this business is providing the consumer with quality and that is what Country Fresh strives for at all times.

The Toronto King Company, a division of Dominion Citrus, was acquired in 1978, it operates in the Ontario Food Terminal, along side of Dominion Citrus. The Tomato King Company is engaged in the wholesale distribution of tomatoes which it imports from Florida, Mexico and California.





Some of our salesmen in action at the Ontario Food Terminal wholesaling fresh fruit and vegetables.

Stores in which Jack Austin Drugs operates Drugs, Prestige Cosmetics and Health and Beauty Aids departments.

Ontario Stores (Woolco)

Agincourt Shopping Mall,
3850 Sheppard Avenue East,
Agincourt, Ontario

Harwood Place Centre,
314 Harwood Ave. South,
Ajax, Ontario

St. George Road and Highway 24,
Brantford, Ontario

173-81 Colborne Street,
Brantford, Ontario

1000 Island Mall,
Parkdale Ave. & Windsor Drive,
Brockville, Ontario

80 - 96 Main Street,
Cambridge, Ontario

Chatham Place,
801 St. Clair Street Extension,
Chatham, Ontario

Brookdale Avenue and 7th Street,
Cornwall, Ontario

*Elliot Lake Commercial Centre,
Commercial Centre and Ontario Street,
Elliot Lake, Ontario

Honeydale Mall,
5555K Dundas Street West,
Etobicoke, Ontario

Hamilton Mountain Shopping Centre,
Upper James and Fennell Streets,
Hamilton, Ontario

Fairview Park Shopping Centre,
Kitchener, Ontario

Frontenac Mall Shopping Centre,
R.R. #7, Kingston, Ontario

Argyle Shopping Mall,
1925 Dundas Street East,
London, Ontario

Oakridge Mall,
1201 Oxford Street West,
London, Ontario

White Oaks Mall,
1105 Wellington Road South,
London, Ontario

Square One Shopping Centre,
100 City Centre Drive,
Mississauga, Ontario

Lincoln Fields Shopping Centre,
1350 Richmond Road,
Ottawa, Ontario

*Meadowvale Town Centre,
2900 Aquitane Ave.,
Mississauga, Ont.

*North Gate Square Mall
1500 Fisher St.,
North Bay, Ont.

1642 Merivale Road,
& Viewmount Drive,
Ottawa, Ontario

Grey County Mall Shopping Centre,
Highway #21,
Owen Sound, Ontario

Lambton Mall Shopping Centre,
London Road,
Sarnia Township, Ontario

345 Queen Street East,
Sault Ste. Marie, Ontario

Eastgate Mall,
75 Centennial Parkway,
Stoney Creek, Ontario

65 Albert Street,
Stratford, Ontario

Lincoln Mall Shopping Centre,
549 Welland Avenue,
St. Catharines, Ontario

New Sudbury Shopping Centre,
Barrydowne and LaSalles Boulevard,
Sudbury, Ontario

Norfolk Mall,
400 Simcoe Street,
Tillsonburg, Ontario

179 - 3rd Avenue,
Timmins, Ontario

Timmins Square Shopping Centre,
1500 Riverside Drive,
Timmins, Ontario

Dufferin Mall,
900 Dufferin Street,
Toronto, Ontario

North Park Shopping Centre,
1305 Lawrence Avenue West,
Toronto, Ontario

Thorncliffe Market Place,
45 Overlea Boulevard,
Toronto, Ontario

Seaway Mall,
880 Niagara Street,
Welland, Ontario

Morningside Mall,
225 Morningside Avenue,
West Hill, Ontario

2295 Sheppard Avenue West,
Weston, Ontario

Crossroads Shopping Centre,
Highway #2 and Thickson Road,
Whitby, Ontario

Towne & Countryside Square,
6220 Yonge Street,
Willowdale, Ontario

Gateway Shopping Plaza,
Dougall Road,
Windsor, Ontario

1950 Lauzon Road,
Windsor, Ontario

Blandford Square Shopping Centre,
Highway #2, Innerkip Road,
Woodstock, Ontario

Ontario Stores (Woolworth)

56 - 76 Bayfield Street,
Barrie, Ontario

25 - 1st Street,
Collingwood, Ontario

Mississauga and Andrew Streets,
Orillia, Ontario

180 Prince Street,
Pembroke, Ontario

Quebec Stores (Woolco)

705 Nord Avenue Dupont,
Alma, Quebec

Centre Regional Manicovagan,
Baie Comeau, Quebec

Taschereau Shopping Centre,
Brossard, Quebec

LaGalerie Du Cap and Barkoff Street,
Cap-de-Madeleine, Quebec

141 Rue Racine East,
Chicoutimi, Quebec

Place Du Royaume Shopping Centre,
Chicoutimi, Quebec

Les Galeries Drummond,
Drummondville, Quebec

Centre St. Anne,
Giffard, Quebec

Granby Plaza,
Granby, Quebec

Les Galeries Joliette Shopping Centre,
Firestone Boulevard,
Joliette, Quebec

*Stores opened during 1980

Les Galeries Jonquiere
Shopping Centre,
Range St. Francois &
DuCentenaire Blvd.,
Jonquiere, Quebec

Kirkland Plaza,
Kirkland, Quebec

LeCavalier Shopping Centre,
LaSalle, Quebec

1660 LeCorbusier Boulevard,
Laval (Montreal), Quebec

20 East Trans-Canada Road,
Levis, Quebec

Centre De'Achats Centreville,
Longueuil (Met.), Quebec

Les Galeries Rive Nord,
100 Brien Blvd.,
Repentigny, Quebec

Rock Forest Shopping Centre,
Rock Forest (Sherbrooke), Quebec

Place Rosemere,
401 Labelle Blvd.,
Rosemere, Quebec

Les Galeries Montagnaise,
Blvd. Laure,
Sept Isles, Quebec

Les Galeries Richelieu,
St. Jean, Quebec

Centre Langelier,
St. Leonard, Quebec

Tracy Plaza,
Tracy, Quebec

Trois Rivières Shopping Centre,
Trois Rivières, Quebec

Centre Valleyfield,
Valleyfield, Quebec

Le Bazar Shopping Centre,
Ville St. Laurent, Quebec

Saskatchewan Stores (Woolco)

Towne & Country Mall,
1235 Main Street North,
Moose Jaw, Saskatchewan

South Hill Shoppers Mall,
299 - 2nd Avenue West,
Prince Albert, Saskatchewan

Southland Mall Shopping Centre,
2715 Gordon Road,
Regina, Saskatchewan

353 North Albert Street,
Regina, Saskatchewan

8th Street East and Acadia Drive,
Saskatoon, Saskatchewan

300 Confederation Park,
Saskatoon, Saskatchewan

Manitoba Stores (Woolco)

Brandon Shoppers Mall,
1440 - 18th Street,
Brandon, Manitoba

Portage LaPrairie Mall,
Saskatchewan Avenue & 624th Street,
Portage LaPrairie, Manitoba

Crossroads Shopping Centre,
1580 Regent Avenue West,
Transcona, Manitoba

Garden City Square Shopping Centre,
845 Leila Avenue,
Winnipeg, Manitoba

Grant Park Plaza,
1080 Grant Avenue,
Winnipeg, Manitoba

Unicity Mall,
3605 Portage Avenue & Knox Street,
Winnipeg, Manitoba

St. Vital Shopping Centre,
1225 St. Mary's Road,
Winnipeg, Manitoba

Manitoba Stores (Woolworth)

Dauphin Market Place,
1-1450 Main Street South,
Dauphin, Manitoba

City Centre Mall,
Mystery Lake Road and
Thompson Drive,
Thompson, Manitoba

Alberta Stores (Woolco)

MacLeod Mall Shopping Centre,
9650 MacLeod Trail,
Calgary, Alberta

Marlborough Mall,
3835 Memorial Drive N.,
Calgary, Alberta

Northland Village Shopping Centre,
5111 - 37th Street N.W.,
Calgary, Alberta

37th Street and 12th Avenue, S.W.,
Calgary, Alberta

#1 Capilano Shopping Mall,
98th Avenue and Terrace Road,
Edmonton, Alberta

Centennial Village Shopping Centre,
170th Street and Stoney Plain Road,
Edmonton, Alberta

Londonderry Mall,
137th Avenue & 66th Street,
Edmonton, Alberta

College Mall Shopping Centre,
Mayor Magrath Drive and 20th Avenue,
Lethbridge, Alberta

Parkland Mall Shopping Centre,
6375 - 50th Avenue,
Red Deer, Alberta

*St. Albert Shopping Centre,
375 St. Albert Trail,
St. Albert, Alberta

Alberta Stores (Woolworth)

450 - 3rd Street, S.E.,
Medicine Hat, Alberta

Wetaskiwin Mall,
3720 - 56th Street,
Wetaskiwin, Alberta

British Columbia Stores (Woolco)

300 Lougheed Mall,
Burnaby, B.C.

Sa-Hali Centre,
180 - 945 Columbia Street West,
Kamloops, B.C.

Country Club Mall,
100-3200 Island Highway,
Nanaimo, B.C.

925 Marine Drive,
North Vancouver, B.C.

Pine Centre Shopping Mall,
2999 Massey Drive,
Prince George, B.C.

Guildford Shopping Centre,
Hollyroad & Hjorth,
Surrey, B.C.

Waneta Plaza Shopping Centre,
Highway #3,
Trail, B.C.

3601 Douglas Street,
Victoria, B.C.

*1000 Lakeside Drive,
Nelson, B.C.

*275 West Green Ave.,
Penticton, B.C.

Free Standing Store
Haliburton Pharmacy,
Haliburton, Ontario.

Dominion Citrus & Drugs Ltd.

CONSOLIDATED BALANCE SHEET

as at January 31, 1981

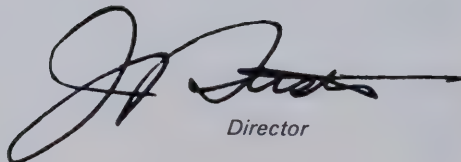
ASSETS

	1981	1980
Current Assets		
Cash	\$ 171,085	\$ 208,553
Marketable securities	336,142	122,944
Accounts receivable	7,221,139	5,196,745
Inventories — retail stores	18,771,032	16,940,715
— warehouses	4,923,555	3,768,899
Income taxes recoverable	—	211,760
Prepaid expenses and sundry assets	141,851	140,301
	31,564,804	26,589,917
Fixed Assets (Note 2)	3,711,072	3,562,611
Other Assets (Note 3)	479,990	528,103
	\$35,755,866	\$30,680,631

Approved on Behalf of the Board of Directors:



Director



Director

LIABILITIES

	<u>1981</u>	<u>1980</u>
Current Liabilities		
Bank indebtedness (Note 4)	\$ 6,704,406	\$ 5,341,125
Accounts payable	15,637,366	13,894,475
Notes payable (Note 5)	495,777	475,653
Income taxes payable	397,897	—
Current portion of long term debt (Note 6)	260,000	260,000
	<u>23,495,446</u>	<u>19,971,253</u>
Long Term Debt (Note 6)	<u>—</u>	<u>260,000</u>
Deferred Income Taxes	<u>295,047</u>	<u>336,547</u>

SHAREHOLDERS' EQUITY**Capital Stock** (Note 7)**Authorized**

6,040,000 shares without par value

Issued

1,765,520 shares

Retained Earnings

	<u>283,994</u>	<u>302,605</u>
	<u>11,785,908</u>	<u>9,986,966</u>
	<u>12,069,902</u>	<u>10,289,571</u>
Less: 45,240 shares acquired and held for future disposition, at cost	<u>104,529</u>	<u>176,740</u>
	<u>11,965,373</u>	<u>10,112,831</u>
	<u>\$35,755,866</u>	<u>\$30,680,631</u>

See accompanying notes to financial statements.

Dominion Citrus & Drugs Ltd.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended January 31, 1981

	1981	1980
Sales	\$ 128,192,943	\$ 112,182,727
Income before the following	5,272,530	3,807,044
Depreciation and amortization	766,926	664,515
Interest on long term debt	74,638	99,585
Other interest	820,695	665,144
	1,662,259	1,429,244
Income before income taxes	3,610,271	2,377,800
Income taxes — current	1,426,500	828,000
— deferred	(41,500)	62,000
	1,385,000	890,000
Net income for the year	2,225,271	1,487,800
Retained earnings, beginning of year	9,986,966	8,922,807
	12,212,237	10,410,607
Dividends	426,329	423,641
Retained Earnings, end of year	\$ 11,785,908	\$ 9,986,966
Average number of shares outstanding	1,708,000	1,692,000
Earnings per share (Note 8)	\$ 1.30	\$.88

See accompanying notes to financial statements.

Dominion Citrus & Drugs Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1981

	1981	1980
Source of working capital		
Net income for the year	\$2,225,271	\$1,487,800
Items not affecting working capital		
Depreciation and amortization	766,926	657,991
Deferred income taxes	(41,500)	62,000
Provided from operations	2,950,697	2,207,791
Issuance of capital stock	53,600	51,800
	<u>3,004,297</u>	<u>2,259,591</u>
Use of working capital		
Additions to fixed assets, net	847,274	573,168
Purchase of other assets	20,000	—
Dividends	426,329	423,641
Licence agreements	—	75,000
Reduction of long term debt	260,000	260,000
	<u>1,553,603</u>	<u>1,331,809</u>
Increase in working capital	<u>1,450,694</u>	<u>927,782</u>
Working capital, beginning of year	<u>6,618,664</u>	<u>5,690,882</u>
Working capital, end of year	<u>\$8,069,358</u>	<u>\$6,618,664</u>

See accompanying notes to financial statements.

AUDITORS' REPORT

To the Shareholders of
Dominion Citrus & Drugs Ltd.

We have examined the consolidated balance sheet of Dominion Citrus & Drugs Ltd. as at January 31, 1981 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
April 16, 1981

Starkman, Kraft, Rothman, Berger & Grill
Chartered Accountants

Dominion Citrus & Drugs Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1981

1. Summary of significant accounting policies

(a) *Principles of consolidation*

These consolidated financial statements include the accounts of the company and its subsidiary companies, all of which are wholly owned. The activities of the companies are as follows:

Produce division

Dominion Citrus & Drugs Ltd.
The Tomato King Co. (Division of Dominion Citrus & Drugs Ltd.)
Dominion Farm Produce Limited
Skrow's Produce (1971) Ltd.
Country Fresh Packaging Company Ltd.
Lousana Produce Limited

Drug Division

Jack Austin Drugs Limited
Fern Distributors (Division of Jack Austin Drugs Limited)
Jack Austin Pharmacy (Alberta) Limited
Jack Austin Pharmacy (Saskatchewan) Limited
Jack Austin Drugs (B.C.) Ltd.

At the balance sheet date the drug division operated or serviced 101 outlets in Woolco Department Stores, 8 outlets in Woolworth Department Stores and 1 free standing store. The sales for the drug division include sales of both operated and serviced outlets to show total sales under administration of the drug division.

(b) *Marketable securities*

Marketable securities are stated at cost, which approximates market value at the respective balance sheet dates.

(c) *Inventories*

Warehouse inventories are valued at the lower of cost and net realizable value with cost determined generally on a first-in, first-out basis. The valuation of retail store inventories is determined by the retail inventory method which prices the majority of items at normal selling prices and reduces the amounts so determined to the lower of cost and net realizable value by applying normal profit margins.

(d) *Fixed assets*

These assets are stated at cost. Depreciation is being provided by the following methods and rates:

Buildings	— 5% on the declining balance
Warehouse and office equipment	— 20% on the declining balance
Mobile equipment	— 30% on the declining balance
Leasehold improvements	— Over the term of the lease on a straight-line basis

(e) *Licence agreements*

The licence agreements are stated at amortized cost. They are being amortized using the straight-line method over a five year period.

(f) *Goodwill and excess of cost of shares in a subsidiary over book value at acquisition*

Pre-1974 goodwill in the amount of \$171,000 is not being amortized, since in the opinion of management it has continuing value.

Goodwill acquired after 1974 is being amortized over a five year period.

(g) *Deferred computer development costs*

Expenditures on programming and development of the on-line pharmacy computer system have been deferred and are being amortized over the estimated life of the system.

(h) *Leasehold interest*

Leasehold interest is stated at amortized cost. It is being amortized using the straight-line method over a ten year period.

(i) *Deferred income taxes*

The company follows the tax allocation basis of accounting for income taxes, whereby tax provisions are based on accounting income and taxes relating to timing differences between accounting and taxable income are deferred.

2. Fixed assets

	1981		1980	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 362,908	\$ —	\$ 362,908	\$ 362,908
Buildings	1,460,626	305,897	1,154,729	1,210,568
Plant and equipment	2,682,132	1,453,641	1,228,491	1,300,756
Mobile equipment	1,460,505	762,064	698,441	468,686
Leasehold improvements	495,973	229,470	266,503	219,693
	<u>\$6,462,144</u>	<u>\$2,751,072</u>	<u>\$3,711,072</u>	<u>\$3,562,611</u>

3. Other assets

These assets are comprised as follows:

	1981	1980
Goodwill	\$190,000	\$171,000
Deferred computer development costs	120,023	155,836
Leasehold interest	124,967	141,267
Licence agreements	45,000	60,000
	<u>\$479,990</u>	<u>\$528,103</u>

4. Bank indebtedness

Bank loans in the amount of \$4,414,000 are due on demand with interest payable at the prime bank lending rate. These loans are secured by marketable securities and a general assignment of book debts.

5. Notes payable

The company has received various loans for which it has signed promissory notes, payable on demand. The loans bear interest at the prime bank lending rate. They have been received from parties related to principal shareholders and/or directors of the company.

6. Long term debt

	1981	1980
Term bank loan at prime rate plus 1%, secured by collateral first mortgage on 30 Rayette Road	\$260,000	\$520,000
Less: Current portion	<u>260,000</u>	<u>260,000</u>
	<u>\$ —</u>	<u>\$260,000</u>

Dominion Citrus & Drugs Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 1981

7. Capital stock

Pursuant to articles of amendment filed on December 2, 1980, authorized capital was increased by 6,000,000 common shares without par value to a total of 6,040,000. All previous Class "A" special shares and Class "B" special shares have been converted to common shares.

The following is an analysis of stock options outstanding as at January 31, 1981:

\$2.75	per share, expiring during 1982	2,520
\$3.25	per share, expiring during 1982	6,880
\$4.50	per share, expiring during 1984	41,200
\$4.675	per share, expiring during 1984	3,000
\$4.95	per share, expiring during 1985	9,000
\$4.40	per share, expiring during 1986	25,800
		<u>88,400</u>

Of the options outstanding, 76,000 are to be issued from shares held by the company for that purpose, if available. During the year, 20,720 options were exercised for a total value of \$53,600. These shares were issued out of the shares held by the company (1980 — 10,540 shares). In addition, 13,020 options expired and/or terminated and 27,800 new options were granted.

8. Earnings per share

Earnings per common share for 1980 and 1981 are based on the weighted average of shares outstanding during the year. No material dilution of earnings per share would result if all outstanding options were exercised.

9. Contingencies and commitments

(a) The minimum total annual rentals payable under licence agreements expiring from 1981 to 1986 amount to approximately \$3,600,000 including certain occupancy costs (exclusive of additional rent payable based on a percentage of gross sales).

(b) Minimum annual rentals for the next five years on long term property leases in effect at January 31, 1981 are:

1982	\$ 134,000
1983	\$ 102,000
1984	\$ 92,000
1985	\$ 42,000
1986	\$ 34,000

(c) Subsequent events include the opening of new stores which are in the normal course of business. It is management's policy to write off the cost of new store openings in the year incurred.

10. Directors' and senior officers' remuneration

Total remuneration paid or payable during the period to directors and senior officers as defined by The Business Corporations Act, 1970 (Ontario) amounted to \$662,000 (1980 — \$597,000).

Dominion Citrus & Drugs Ltd.

Directors

Jack Austin
Ben Blidner
Michael Blidner
Charles Cadieux
Gordon Clarke
Joseph Frieberg
Max Goldhar
Harold Hertzman
Harry Izen
Duff Scott
Norman Radke
Gregory Real
Jack Roth
Richard Sevazlian
Harold Soupcoff
Louis E. Soupcoff
Jess Zelikovitz

Officers

Michael Blidner, *President*
Harold Soupcoff, *Executive Vice-President*
Jack Austin, *Vice-President*
Louis E. Soupcoff, *Secretary-Treasurer*

PRODUCE DIVISION

Ben Blidner
*Vice-President, Chief Purchasing Agent and
President of Skrow's Produce*
Harry Izen
*Vice-President, Chief Purchasing Agent and
Vice-President of Skrow's Produce*
Jack Roth
*President Lousana Holdings
and Purchasing Agent*
Jess Zelikovitz
*President of Country Fresh Packaging Company and
Purchasing Agent*
Maurice Cohen
President of Dominion Farm Produce
Steve Weiss
Comptroller

DRUG DIVISION

Jack Austin
President and Chief Executive Officer
Harold Soupcoff
Executive Vice-President
Norman Radke
Senior Vice-President and General Manager
Gregory Real
*Vice-President, Health and Beauty Aids Operations
Marketing and Buying*
Richard Sevazlian
Vice-President, Pharmaceutical Operations
Sydney Shrott
*Vice-President, Personnel and Corporate Services and
Director of Pharmaceutical Services*
Louis Kirshenblatt
Secretary-Treasurer and Director of Merchandising
Dennis Breault
Director of Personnel
Edward Rotman
Comptroller

Transfer Agent and Registrar

Guaranty Trust Company of Canada
Toronto, Ontario

Auditors

Starkman, Kraft, Rothman, Berger & Grill
Toronto, Ontario

Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario
Toronto-Dominion Bank
Toronto, Ontario

Head Office

Ontario Food Terminal
The Queensway
Toronto, Ontario M8Y 1H8

Listed

The Toronto Stock Exchange

